

Recommendation 5.6: The Department should review the GAO report of October 23, 2009 on fraud and abuse in the SDVOB program and take steps to eliminate such fraud and abuse in defense contracting. ⁶⁷

GAO released a report on October 23, 2009 entitled, "Service Disabled Veteran-Owned Small Business Program: Case Studies Show Fraud and Abuse Allowed Ineligible Firms to Obtain Millions of Dollars in Contracts" which identified \$100-million of contracts preferentially awarded to firms under the set-aside program for Service Disabled Veteran-Owned Small Business (SDVOB) program even though the firms did not actually qualify to participate in the program. The award of contracts to these firms denied actual SDVOBs from obtaining these contracts.

⁶⁶ Recommendation 5.5 was influenced by the testimony of Dr. David Madland, received at the Panel's hearing on September 17, 2009 entitled "The Department of Defense and Industry: Does DOD Effectively Manage its Industrial Base and Match its Acquisition Strategies to the Marketplace?" Representative Patrick Murphy attended the hearing and requested testimony on this topic.

⁶⁷ Recommendation 5.6 was influenced by Representative Ellsworth, who brought the GAO report to the Panel's attention.